

Michael D. Homans, Esquire
 October 30, 2014
Expert Report

*Security and Data Technologies, Inc. v.
 School District of Philadelphia, et al*

\$100,000 contract price ranges from 31.99% to 34.73%. By eliminating the extremes, there is no significant variability.

Gross Profit as a Proper Measure of Damages

Van Noy indicates that a contract of \$7.5M “would have created inefficiencies in SDT’s operations leading to additional costs not considered in SDT’s damages, such as: increased overtime costs; unbillable direct labor costs; wasted material and supplies; additional interest expense; additional office expenses; and impacts on other ongoing projects”²⁰.

Van Noy makes this comment without support for his opinion. There is no evidence to support that SDT would have increased overtime costs, unbillable direct labor costs, wasted material and supplies, additional office expenses and impacts on other ongoing projects. As for interest expense, since approximately 56% of the project was subcontracting expense, the subcontractors would get paid when the owner paid SDT. For the remainder of the project, there is no evidence that SDT would incur additional interest expense. The terms of the contract with the School District may have included payment terms that would not require additional borrowing. Additionally, Van Noy failed to consider whether the shareholders could fund any financing needs.

If we assume SDT had to borrow an additional \$1,000,000 at an estimated rate of 5%, it would have cost SDT approximately \$4,166.66 per month (\$1,000,000 x 5% divided by 12 months). That would be a nominal amount in comparison to the total contract price.

d. Failure to address foundation elements for reasonably estimating damages

Van Noy opines that the damages to SDT is speculative and unreliable due to the fact that SDT “never prepared an estimate of the actual cost of performing the Project; failed to quantify the demands which would have been placed on its financial and operational resources; never solicited pricing from subcontractors which would have accounted for 67 percent of the costs of the project; and failed to assess whether its historical gross profit percentage was a reliable indicator of the profit it could reasonably expect on the Project”²¹.

Van Noy’s opinion that SDT’s damages are speculative and unreliable is without basis. As established above, SDT had a well-established history of performing projects for the School District. The calculation of damages above is consistent with SDT’s job performance with the School District. SDT’s experience in the industry and their experience with School District projects provided a basis for pricing contracts of this scope. Additionally, it is my understanding that SDT was not allowed to have further involvement in the Project after the School District awarded the contract to IBS. The School District has not provided cost or work details as to the Project during discovery in this litigation. As a result, SDT cannot be faulted for not preparing a more specific analysis as to specific Project costs to support its damage calculation.

²⁰ Van Noy Report, p. 9

²¹ Van Noy Report, p. 9-10

Michael D. Homans, Esquire
October 30, 2014
Expert Report

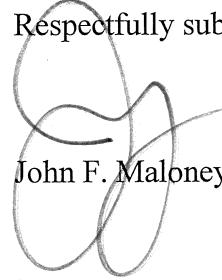
*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

CONCLUSION

Based on my review and analysis, I have determined to a reasonable degree of accounting certainty that Security and Data Technologies, Inc. sustained damages of at least **Two Million, One Hundred Thousand Dollars (\$2,100,000)**.

All opinions and conclusions in this Report are stated within a reasonable degree of accounting certainty and I reserve the right to change, amend or supplement the opinion and conclusions upon receipt and review of additional information.

Respectfully submitted,



John F. Maloney, CPA, CFF, CVA, ABAR

Michael D. Homans, Esquire
October 30, 2014
Expert Report

*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

EXHIBIT SUMMARY

- Exhibit A First page of Agreement for Services between The School District of Philadelphia and IBS Communications, Inc.
- Exhibit B Exhibit B to Agreement for Services – Contractors Budget
- Exhibit C Condensed Consolidated Statement of Operations – Security and Data Technologies, Inc. and 101 Pheasant Run, Inc. for the years December 31, 2009 to December 31, 2012
- Exhibit D Contracts in Progress Schedule Per Company Financial Statements as of December 31, 2010
- Exhibit E Contracts in Progress Schedule Per Company Financial Statements as of December 31, 2012
- Exhibit F Replicated Contracts in Progress Schedule of Company as of December 31, 2010
- Exhibit G Replicated Contracts in Progress Schedule of Company as of December 31, 2012
- Exhibit H Projects Direct with SDP 1/1/2007 12/31/2012
- Exhibit I Projects Direct with Electrical Contractors 1/1/2007 to 12/31/2012
- Exhibit J Summay Contract Analysis of Contracts SDT Performed with the School District of Philadelphia for the Period January 1, 2007 to December 31, 2012
- Exhibit K Documents Reviewed
- Exhibit L Qualifications of John F. Maloney, CPA, CFF, CVA, ABAR

Michael D. Homans, Esquire
 October 30, 2014
 Expert Report

Security and Data Technologies, Inc. v.
 School District of Philadelphia, et al

EXHIBIT A

OGC CONTRACT NO. 471/FII

SC NO.:
 ABC CODE:

AGREEMENT FOR SERVICES

Project:

Surveillance Systems at Persistently Dangerous Schools

In consideration of the mutual promises set forth below, intending to be legally bound, THE SCHOOL DISTRICT OF PHILADELPHIA, a body corporate and political subdivision formed and existing under the laws of the Commonwealth of Pennsylvania (the "School District"), located at the Education Center, 440 North Broad Street, Philadelphia, Pennsylvania 19130-4015, and IBS COMMUNICATIONS, INC., a Pennsylvania corporation (the "Contractor"), located at 7500 Germantown Avenue, Elders Hall, Suite 200-204, Philadelphia, Pennsylvania 19119, have executed and delivered this Agreement for Services (the "Contract") as of September 22, 2010.

1. *The Engagement, the Work, the Standard Terms and Conditions.* Subject to the terms and conditions set forth in this Contract, the School District engages the Contractor to carry out the work (the "Work") described in the attached Exhibit "A" – Statement of Work, and Exhibit "B" – the Contractor's Budget (the "Budget"). The Work includes all Materials the Contractor has agreed to provide, the time frames in which the Contractor has agreed to complete the Work, and all other requirements the Contractor must satisfy in order to complete the Work during the Term (defined in Section 3 below). The terms and conditions of this Contract include the School District Standard Terms and Conditions (the "Standard Terms and Conditions") attached hereto as Exhibit "C".

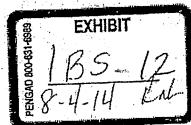
2. *Resolution.* The School Reform Commission authorized this Contract by its resolution number A-14, dated October 20, 2010. The Parties have attached the resolution to this Contract as Exhibit "D" for reference but have not made the resolution a part of this Contract. The School District has no power to contract for the Work outside the scope of the resolution.

3. *Contract Term.* The term of the Contract shall begin September 22, 2010 and end June 30, 2011 (the "Term"), unless terminated sooner by the School District as provided in this Contract. The Contractor shall commence the Work promptly on the first day of the Term and complete the Work not later than the last day of the Term, except for those matters which contemplate performance after the expiration or termination of this Contract.

4. *Compensation.* As compensation for the satisfactory performance of the Work carried out by the Contractor hereunder, the School District shall pay the Contractor, in arrears, a total fee not to exceed Seven Million, Five Hundred Thousand Dollars (\$7,500,000.00), conditioned, however, upon the continued availability of funds, as set forth in Sections 5 and 6 of the Standard Terms and Conditions (the "Compensation").

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 Office of General Counsel
 May 2008

IBS000003



Michael D. Homans, Esquire
October 30, 2014
Expert Report

*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

EXHIBIT B

EXHIBIT "B"

CONTRACTOR'S BUDGET

Total Compensation Not to exceed \$7,500,000.00

Breakdown of Compensation:

Salaries	\$4,200,000.00
Professional Services	\$1,550,000.00
Materials	\$1,750,000.00

EXHIBIT B

IBS000017

Michael D. Homans, Esquire
 October 30, 2014
 Expert Report

Security and Data Technologies, Inc. v.
 School District of Philadelphia, et al

EXHIBIT C

Security and Data Technologies, Inc. and 101 Pheasant Run, Inc.
Condensed Consolidated Statement of Operations
 (source: reviewed financial statements prepared by Mayer Hoffman McCann, P.C.)

	12/31/2009	12/31/2010	12/31/2011	12/31/2012
Contract Revenue	10,505,370	71,28%	10,426,118	71,43%
Service Revenue	4,232,743	28,72%	4,171,025	28,57%
Total Revenues	14,738,113	100,00%	14,597,143	100,00%
Total Cost of Earned Revenues	11,004,024	74,66%	10,942,606	74,96%
Gross Profit	3,734,089	25,34%	3,654,537	25,04%
<u>General and Administrative Expenses</u>				
Sales Salaries, Payroll Taxes, Medical and Life Insurance, and Pension Plan	n/a	2,492,915	17,08%	n/a
Insurance - General	n/a	231,683	1,59%	n/a
Office Expense	n/a	122,585	0,84%	n/a
Professional Fees	n/a	83,563	0,57%	n/a
Telecommunications	n/a	90,800	0,62%	n/a
Advertising & Promotion	n/a	85,894	0,59%	n/a
Bad Debts	n/a	69,314	0,47%	n/a
Equipment Leasing	n/a	38,060	0,26%	n/a
Depreciation	n/a	24,692	0,17%	n/a
Dues & Subscriptions	n/a	4,937	0,03%	n/a
Meals and Entertainment	n/a	24,929	0,17%	n/a
Postage and Shipping	n/a	5,743	0,04%	n/a
Taxes	n/a	14,531	0,10%	n/a
Travel	n/a	7,208	0,05%	n/a
Utilities	n/a	33,645	0,23%	n/a
Other G&A Expenses	3,428,309	23,26%	- 0,00%	2,553,485
Total G&A Expenses	3,428,309	23,26%	3,330,499	22,82%
Operating Income	305,780	2,07%	324,038	2,22%
<u>Other Income/(Expense)</u>				
Interest Expense	(108,841)	-0,74%	(103,078)	-0,71%
Gain on Sale of Property and Equipment	-	0,00%	-	0,00%
Miscellaneous Income	12,963	0,09%	12,042	0,08%
Total Other Income	(95,878)	-0,65%	(91,036)	-0,62%
Net Income	209,902	1,42%	233,002	1,60%
Net Income Attributable to the Noncontrolling Interest	(57,880)	-0,39%	(77,300)	-0,53%
Net Income Attributable to SDT	152,022	1,03%	155,702	1,07%

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October 30, 2014
Expert Report

*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

EXHIBIT D

**SECURITY AND DATA TECHNOLOGIES, INC.
AND 101 PHEASANT RUN, INC.**

SUPPLEMENTARY INFORMATION - SCHEDULE II FV - CONTRACTS IN PROGRESS

Contract		Contract Total		From Inception to December 31, 2010		As of December 31, 2010						
Job	Description	Estimated Costs	Estimated Revenues	Estimated Gross Profit	Estimated Percent Complete	Cost of Revenues	Gross Profit %	Billed to Date	Estimated Cost to Complete	Estimated Date Complete	Costs and Earnings in Billings	Excess of Costs and Estimated Earnings
4059WIR	VIRTUA HOSPITAL VOORHEES	\$ 1,05,000	\$ 236,220	\$ 1,485,507	94.7	\$ 981,693	\$ 223,814	18.9	\$ 1,128,449	\$ 53,307	\$ 57,058	\$ 127,112
4059FMH	MERCY FITZGERALD HOSPITAL	701,925	463,566	237,359	81.0	567,617	375,401	33.9	440,505	88,165	3,662	3,662
4016340	GLoucester Co. Justice Compl.	55,000	412,531	138,468	83.5	460,292	344,618	115,674	25.1	486,630	67,913	61,789
42319WPH	WEST PHILADELPHIA HIGH SCHOOL	499,000	338,594	161,216	61.0	304,688	266,394	96,274	32.3	242,870	132,190	5,685
4683CHPA	CHOP IRCS REPLACEMENT - SPT	439,017	204,098	235,008	51.1	224,345	104,345	120,000	53.5	218,660	99,757	25,400
4656GDC	GLOUC. CNTY FAM & CNTY BLDGS	378,000	282,482	95,508	37.2	140,560	105,045	35,515	25.3	115,160	177,447	8,519
4180PSD	PHILADELPHIA SCHOOLS RING #1	164,874	104,199	60,685	95.8	157,943	99,809	68,134	36.8	149,424	4,380	15,120
4343BSD	PSD CORE SITES RING #2	135,337	91,185	44,152	79.3	107,265	72,271	34,984	32.6	122,685	13,914	11,005
4478SSG	SEASHORE GARDENS APT BLDG.	117,100	97,404	19,596	5.6	6,545	5,449	1,096	16.7	17,550	91,955	7,915
4649PSD	PHILA SCH DIST CORE ST RING #4	114,000	88,178	25,822	2.1	2,366	1,830	536	22.7	10,281	86,348	6,755
4606PFC	PIER 5 PHASE 2 CONDO UNITS	113,816	75,404	38,411	19.1	21,699	14,376	7,323	33.7	28,454	6,028	11,132
4449AVT	VIRTUA/CAC BLDG. FA, ACC GR	109,984	62,460	47,534	48.5	55,354	30,239	23,099	43.2	42,222	32,155	29,26
4452FED	FEDERATION HNG MULT. SYST.	97,380	76,261	21,419	0.3	296	231	65	22.0	76,330	4,772	4,772
4592SCN	USA AT STUDIO CTR FA EXP.	84,225	54,216	30,009	16.0	13,516	8,700	4,816	35.6	45,516	8,744	8,744
4604SCN	USA AT STUDIO CTR CTR & SEC	79,145	55,627	23,518	20.6	16,318	11,469	4,849	29.7	54,715	44,158	10,843
4318SMS	ST. MONICA'S MANOR EXPANSION	69,550	32,833	36,717	77.8	54,133	25,555	28,578	52.8	62,948	7,278	8,815
4447FPS	FEDERAL PROTECTIVE SERV. EXP.	67,986	44,772	22,724	76.5	51,652	34,262	17,390	33.7	61,551	10,510	9,939
40960UR	CIRAC T/ SOUTH PARKING GARAGI	65,000	33,304	31,696	92.4	60,076	30,781	29,285	48.8	42,500	2,223	17,576
4670MSH	BENSALY HIGH SCHOOL GYM	66,616	39,062	19,563	29.3	17,188	11,461	5,737	33.4	32,361	2,801	15,163
Contracts less than \$75,000		57,500	32,387	25,113	2.5	1,465	60	43.7	14,375	31,362	12,910	12,910
94524H		657,988	287,273			324,504	212,946	111,558	34.4	403,359	445,022	41,448
		\$ 61,099,324	\$ 4,261,422	\$ 1,838,002		\$ 3,771,319	\$ 2,687,663	\$ 1,113,666		\$ 3,600,271	\$ 1,963,759	\$ 379,273

See Independent Accountants' Review Report on Supplementary Information

SECURITY-05103

Michael D. Homans, Esquire
October 30, 2014
Expert Report

*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

EXHIBIT E

SUPPLEMENTARY INFORMATION - SCHEDULE V - CONTRACTS IN PROGRESS

December 31, 2012

See *Independent Accountant's Review Report on Supplementary Information*

SECURITY-05127

HIGHLY CONFIDENTIAL

Michael D. Homans, Esquire
 October 30, 2014
 Expert Report

Security and Data Technologies, Inc. v.
 School District of Philadelphia, et al

SECURITY AND DATA TECHNOLOGIES, INC.
 AND 101 PHEASANT RUN, INC.
 SUPPLEMENTARY INFORMATION - SCHEDULE V - CONTRACTS IN PROGRESS
 December 31, 2010

Job	Description	Contract Totals										From Inception to December 31, 2010						As of December 31, 2010					
		Revenues	Estimated Costs	Estimated Profit	Gross Profit	Estimated Gross Profit %	Percent Complete	Earned Revenues	Cost of Earned Revenues	Gross Profit %	Gross Profit	Profit %	Billed to Date	Estimated Cost to Complete	Billed to Date	Estimated Costs and Earnings in Excess of Billings	Costs and Earnings in Excess of Billings	Billings in Excess of Costs and Earnings					
4059VIR	VIRTUA HOSPITAL VORHEES	\$ 1,251,220	\$ 1,015,000	\$ 236,220	18.9%	94.7%	\$1,185,507	\$ 961,693	18.9%	\$ 1,128,449	18.9%	\$ 53,307	\$ 57,058	\$ 57,058	\$ 57,058	\$ 57,058	\$ 57,058						
4396FMH	MERCY FITZGERALD HOSPITAL	700,925	463,566	237,359	33.9%	81.0%	567,617	375,401	192,216	33.9%	440,505	88,165	440,505	127,112	127,112	127,112	127,112	127,112					
4016GJC	GOUCESTER CO. JUSTICE COMPLI	551,000	412,531	138,469	25.1%	83.5%	460,292	344,618	115,674	25.1%	456,630	67,913	456,630	3,662	3,662	3,662	3,662	3,662					
4228WPH	WEST PHILADELPHIA HIGH SCHOOL	498,800	338,584	161,216	32.3%	61.0%	304,668	206,394	98,274	32.3%	242,870	132,190	242,870	61,798	61,798	61,798	61,798	61,798					
4683CHPA	CHOP IRCS REPLACEMENT - SDT	439,017	204,009	235,008	53.5%	51.1%	224,345	104,252	120,093	53.5%	218,660	99,757	218,660	5,685	5,685	5,685	5,685	5,685					
4686GCC	GOUC. CNTY FAM & CNTY SLOGS	378,000	282,492	95,508	25.3%	37.2%	140,560	105,045	35,515	25.3%	115,160	177,447	115,160	25,400	25,400	25,400	25,400	25,400					
4180PSD	PHILADELPHIA SCHOOLS RING #1	164,874	104,189	60,685	36.8%	55.8%	157,943	99,809	58,134	36.8%	149,424	4,380	149,424	8,519	8,519	8,519	8,519	8,519					
4343PSD	PSD CORE SITES RING #2	133,537	91,185	44,152	32.6%	79.3%	107,265	72,271	34,994	32.6%	122,685	18,914	122,685	15,420	15,420	15,420	15,420	15,420					
4478SSG	SEASHORE GARDENS APTBLDG.	117,000	97,404	19,596	16.7%	5.6%	5,449	1,096	1,096	16.7%	17,550	91,955	17,550	-	-	-	-	-					
4643PSD	PHILA SCHLDST CORST RING #4	114,000	88,178	25,822	22.7%	2.1%	2,366	1,830	536	22.7%	10,281	86,348	10,281	7,915	7,915	7,915	7,915	7,915					
4660PPC	PIER 5 PHASE 2 CONDO UNITS	113,815	75,404	38,411	33.7%	19.1%	21,699	14,376	7,323	33.7%	28,484	61,028	28,484	6,755	6,755	6,755	6,755	6,755					
4449WT	VIRTUA ACC BLDG. FA. ACC CB	108,984	62,450	47,534	43.2%	48.5%	53,354	30,295	23,059	43.2%	42,222	32,155	42,222	11,132	11,132	11,132	11,132	11,132					
4452FED	FEDERATION HSNG MOLT SYST.	97,880	76,261	21,419	21.9%	0.3%	296	231	65	22.0%	76,030	296	76,030	-	-	-	-	-					
4592SCN	USM AT STUDIO CTR FA EXP.	84,225	54,216	30,009	35.6%	16.0%	13,516	8,700	4,816	35.6%	4,772	45,516	4,772	8,744	8,744	8,744	8,744	8,744					
4640SCN	USM AT STUDIO CTR CCTV & SEC	79,145	55,627	23,518	29.7%	20.6%	16,318	11,469	4,849	29.7%	5,475	44,158	5,475	10,843	10,843	10,843	10,843	10,843					
4318SMS	ST. MONICA'S MANOR EXPANSION	69,550	32,833	36,717	52.8%	77.8%	54,133	25,555	28,578	52.8%	62,948	7,278	62,948	-	-	-	-	-					
4447FPS	FEDERAL PROTECTIVE SERV. EXP	67,496	44,772	22,724	33.7%	76.5%	51,652	34,262	17,390	33.7%	61,591	10,510	61,591	-	-	-	-	-					
4086CIR	CIRA CTR SOUTH PARKING GARAGI	65,000	33,304	31,696	48.8%	92.4%	60,076	30,781	29,295	48.8%	42,500	2,523	42,500	17,576	17,576	17,576	17,576	17,576					
4113BHS	BENSALEM HIGH SCHOOL GYM	58,615	39,062	19,553	33.4%	29.3%	17,198	11,461	5,737	33.4%	32,361	27,601	32,361	-	-	-	-	-					
4670MSH	MERCY SUB HOSP. FA UPGRADES	57,500	32,387	25,113	43.7%	2.5%	1,465	825	640	43.7%	14,375	31,562	14,375	-	-	-	-	-					
Subtotal		5,154,183	3,603,454	1,550,729	30.1%		3,446,815	2,444,717	1,002,098	29.1%	3,196,912	1,158,737	3,196,912	337,825	337,825	337,825	337,825	337,825					
Contracts Less than \$75,000		945,241	657,968	287,273	30.4%		324,504	212,946	111,558	34.4	403,359	445,022	403,359	41,448	41,448	41,448	41,448	41,448					
Total		\$ 6,099,424	\$ 4,261,422	\$ 1,838,002	30.1%		\$3,771,319	\$2,657,663	\$1,113,656	34.4	\$ 3,600,271	\$ 1,603,759	\$ 3,600,271	\$ 379,273	\$ 379,273	\$ 379,273	\$ 379,273	\$ 379,273					

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School District of Philadelphia, et al*

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SUPPLEMENTARY INFORMATION - SCHEDULE V - CONTRACTS IN PROGRESS

Michael D. Homans, Esquire
 October 30, 2014
 Expert Report

Security and Data Technologies, Inc. v.
 School District of Philadelphia, et al

EXHIBIT H

JOB CONTRACT ANALYSIS REPORT

Company SD Security and Data Technologies, Inc.

Last Active Since 01/01/2000

Two Month Ending 07/31/2014

Jobs Open & Closed Jobs

Job	Name	Contract	Current	Estimated	Assigned	Active	Open	Completed	Planned	Estimated	Actual	Over	Under	Billable	Non-Billable	Shade	Actual	Billable	Non-Billable	Shade	Actual		
338350P	SCH DIST OF PHILA-TRAINING LAB	17292.00	14117.00	16,638.45	1,294.55	722	13,346.20	80.35	17,725.00	100.00	14,404.53			0.00	0.00	DL	11/24/2014	0.00	0.00	DL	11/24/2014		
338350P	SCH DIST OF PHILA-LIBRARY/131	505.00	415.00	915.38	410.36	31.26	1,425.79	156.20	505.00	100.00	785.81			0.00	23.81	DL	00/00/00	0.00	0.00	DL	11/24/2014		
338350P	SCH DIST OF PHILA-SICMA 101	225.00	450.00	878.71	532.71	27.55	1,617.71	100.00	526.00	100.00	526.00			0.00	0.00	DL	11/24/2014	0.00	0.00	DL	11/24/2014		
34350P	SCH DIST OF PHILA-SABA AGENT	53,389.00	31,390.00	38,782.39	14,765.61	21.55	34,823.39	100.00	53,389.00	100.00	51,589.00			0.00	0.00	DL	12/14/2014	0.00	0.00	DL	12/14/2014		
34350P	SCH DIST OF PHILA-ER.BA/222	2,335.00	1,586.00	1,479.24	1,035.56	41.65	1,473.14	100.00	2,335.00	100.00	2,335.00			0.00	0.00	DL	12/14/2014	0.00	0.00	DL	12/14/2014		
34410P	SCH DIST PHILA-EARLY CHILD SVCS	2,535.00	1,549.00	1,394.54	1,135.49	44.83	1,395.51	100.00	2,535.00	100.00	2,535.00			0.00	0.00	DL	12/20/2014	0.00	0.00	DL	12/20/2014		
35500P	SCH DIST OF PHILA-2D WIRELESS	580.00	427.00	502.74	402.85	46.85	76.26	100.00	580.00	100.00	580.00			0.00	0.00	DL	04/09/2014	0.00	0.00	DL	04/09/2014		
35500P	SCH DIST OF PHILA-ADSL READER	2,790.00	2,132.00	721.89	2,056.11	74.05	72.89	100.00	2,790.00	100.00	2,790.00			0.00	0.00	DL	04/09/2014	0.00	0.00	DL	04/09/2014		
34550P	440 810G INTERNET/151ST ST/PD	14,550.00	13,450.00	13,391.23	1,257.48	77.04	1,165.99	93.32	5,650.00	100.00	4,592.38			0.00	0.00	DL	05/20/2015	0.00	0.00	DL	05/20/2015		
327750P	RE-ENROLLMENT CTR-3D P	1,520.00	932.00	635.79	914.21	58.58	635.79	100.00	1,520.00	100.00	1,520.00			0.00	0.00	DL	06/20/2015	0.00	0.00	DL	06/20/2015		
339250D	CCTV DRIVNG LAYS 41-50 PHILA SCH	60,200.00	25,440.00	54,183.00	6,671.00	89.09	7,547.15	114.28	60,200.00	100.00	69,205.10			0.00	8,683.10	DL	12/04/2015	0.00	0.00	DL	12/04/2015		
33950P	PHILA-ACCT SOFTWARE UPGRADE	48,750.00	40,950.00	0.00	22,000.00	40.00	199.00	49	61,250.00	100.00	334.43			0.00	0.00	DL	12/04/2014	0.00	0.00	DL	12/04/2014		
33942P	CCTV DRIVNG LAYS 120 PHILA SCH	61,980.00	28,880.00	50,714.65	11,161.59	18.34	72,469.90	41.86	61,690.00	100.00	84,472.73			0.00	21,037.23	DL	12/04/2014	0.00	0.00	DL	12/04/2014		
33952P	CCTV DRIVNG LAYS 21-40PHILA SCH	60,320.00	52,440.00	52,380.00	52.24	66,125	23.35	68,820.00	100.00	14,201.47			0.00	46,618.53	DL	12/04/2014	0.00	0.00	DL	12/04/2014			
346550P	440 810G INTERNET/151ST ST/PD	60,320.00	28,520.00	9,446.25	51,373.75	84.47	9,446.25	100.00	60,320.00	100.00	60,320.00			0.00	0.00	DL	12/04/2015	0.00	0.00	DL	12/04/2015		
33950P	RE-ENROLLMENT CTR-3D P	12,161.00	5,622.00	941.20	11,712.00	91.88	2,087.09	211.45	12,161.00	100.00	12,161.00			0.00	13,532.32	DL	04/19/2014	0.00	0.00	DL	04/19/2014		
34350P	CCTV DRIVNG LAYS 41-50 PHILA SCH	55,111.57	35,215.00	36,997.29	29,115.28	52.06	27,022.28	100.09	56,111.57	100.00	56,111.57			0.00	30,022.38	DL	11/26/2014	0.00	0.00	DL	11/26/2014		
316285D	PSD-FINANC SOFTWARE UPDATE	16,000.00	10,091.00	11,181.51	4,181.69	30.12	11,819.39	106.08	16,000.00	100.00	16,290.00			0.00	9,228.00	DL	11/20/2014	0.00	0.00	DL	11/20/2014		
61018D	PSD-JD/LURK POINT 3D	6,465.00	4,308.00	28,880.00	50,714.65	11,161.59	18.34	72,469.90	41.86	61,690.00	100.00	84,472.73			0.00	21,037.23	DL	12/04/2014	0.00	0.00	DL	12/04/2014	
61018D	PSD-ENCL/ACCT/120 PHILA SCH	5,444.00	2,754.00	6,070.00	14,086.00	14.17	3,571.11	18.34	5,650.00	100.00	6,770.48			0.00	20,245.48	DL	01/18/2010	0.00	0.00	DL	01/18/2010		
433750D	PSD-400 BLD/STREETS/PF 1-2	389,251.00	255,459.00	248,013.40	141,238.60	14.29	247,712.22	99.87	389,251.00	100.00	384,844.92			0.00	29,844.12	DL	01/20/2014	0.00	0.00	DL	01/20/2014		
433750D	PSD-FIRE TOVER/ACC BD SEC	562,118.00	492,150.00	392,850.10	176,586.30	31.04	362,372.09	98.88	557,711.60	100.00	560,034.34			0.00	58,756.02	DL	03/24/2014	0.00	0.00	DL	03/24/2014		
445450D	ELLIOT/LEW CO-ADLT/CONT FM	2,120.00	1,020.00	618,101.00	1,681.02	71.09	618,101.00	100.00	2,120.00	100.00	2,120.00			0.00	4,671.00	DL	10/01/2014	0.00	0.00	DL	10/01/2014		
43550P	PSD-ADLT/ICW/CLIENT STATION	2,235.50	1,270.00	1,020.00	1,118,101.50	52.29	1,118,101.50	105.80	2,235.50	100.00	2,235.50			0.00	0.00	DL	04/29/2010	0.00	0.00	DL	04/29/2010		
481050D	PSD-SECURITY/YEAR IN BASEMENT	19,255.00	14,086.00	15,977.89	14,571.11	14.17	14,311.89	92.01	19,255.00	100.00	17,747.49			0.00	1,935.33	DL	01/01/2010	0.00	0.00	DL	01/01/2010		
50018D	PSD-A/C/H/CLIST/MANT/GR 2012	25,000.00	25,000.00	37,415.96	21,238.02	85.03	8,415.96	24.93	25,000.00	100.00	30,500.00			0.00	31,232.30	DL	02/17/2012	0.00	0.00	DL	02/17/2012		
504650D	PSD-400 BLD/TECH BD SEC	54,820.00	38,672.00	38,672.00	11,772.33	13.04	13,042.67	74.32	24,020.81	207.18	54,820.00	100.00	11,376.04			0.00	58,756.02	DL	03/04/2012	0.00	0.00	DL	03/04/2012
CC02122	15TH STREET/ADLT/READER	4,971.00	3,488.00	3,488.00	3,245.85	12,221.15	21.24	3,245.85	100.00	4,971.00	100.00	4,971.00			0.00	0.00	DL	10/01/2014	0.00	0.00	DL	10/01/2014	
CC0351	PSD-400 BLD/TECH/PR	10,485.00	5,591.00	6,845.66	6,845.66	100.00	6,845.66	33.44	6,845.66	100.00	10,285.00			0.00	0.00	DL	08/27/2010	0.00	0.00	DL	08/27/2010		
Report Total:																							
17,170,907 11,121,423.00 605,386.07 345.24 1,651,459.68 94.32 1,712,869.07 100.00 1,712,869.07 100.00 1,712,869.07 100.00 1,712,869.07 100.00 1,712,869.07 100.00 1,712,869.07 100.00 1,712,869.07 100.00 1,712,869.07 100.00 1,712,869.07 100.00																							

Projects direct with SDP

1/1/2007 - 12/31/2012

SECURITY 00513

0889-139-008 CYCLED

EXHIBIT

SDT-44
NC 8/4/14

1. This document contains neither recommendations nor conclusions of the Commonwealth of Pennsylvania. It is the property of the Commonwealth and is loaned to your agency; it and its contents are not to be distributed outside your agency without prior approval of the Commonwealth's Attorney General or his/her designee.

2. This document contains neither recommendations nor conclusions of the Commonwealth of Pennsylvania. It is the property of the Commonwealth and is loaned to your agency; it and its contents are not to be distributed outside your agency without prior approval of the Commonwealth's Attorney General or his/her designee.

Michael D. Homans, Esquire
October 30, 2014
Expert Report

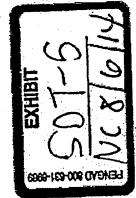
*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

EXHIBIT II

OB CONTRACT ANALYSIS REPORT

Contemporary SD Security and Data Technologies, Inc.
Active Since: 01/01/1900
Last Month Ending: 07/31/2014

Projects direct with
Electrical Contractors
1/1/2007 - 12/31/2012



SECURITY 005137

Michael D. Homans, Esquire
 October 30, 2014
 Expert Report

Security and Data Technologies, Inc. v.
 School District of Philadelphia, et al

EXHIBIT J

SDT Job Contract Analysis Report
 Projects With Philadelphia School District - Direct Contract and as Subcontractor (Sorted by GP% from Low to High)
 January 1, 2007 through December 31, 2012

Job	Name	Contract Amount	Current Estimated Costs	Revised Project Costs		Gross Profit	Profit %	Cost	Percent To-Date	Billed	Percent Billed To-Date	Revenue	Recognized	Payments Received	Over-Billed	Under-Billed	M		
				(A-C)	(D/A)														
1 33845DP	SCH DIST OF PHILA-LIBRARY R13.1	505,00	915,00	(410,36)	95,36	100,00%	100,00%	505,00	100,00%	505,00	100,00%	505,00	505,00	505,00	505,00	505,00			
2 33855DP	SCH DIST OF PHILA-SRC RM# 101	526,00	430,00	878,71	(352,71)	-67,05%	878,71	100,00%	526,00	100,00%	526,00	100,00%	526,00	526,00	526,00	526,00	526,00		
3 4319P5D	PSD-ENGRAD-FIR TWR ACC CTR DR	5,544,00	2,784,00	6,530,00	(1,086,00)	-19,59%	6,530,00	100,00%	5,544,00	100,00%	5,544,00	100,00%	5,544,00	5,544,00	5,544,00	5,544,00	5,544,00		
4 3894P5D	CCTV DRWNG LAYS 1-20 PHILA SCH	61,690,00	28,880,00	72,465,90	(10,779,90)	-17,47%	72,465,90	100,00%	61,690,00	100,00%	61,690,00	100,00%	61,690,00	61,690,00	61,690,00	61,690,00	61,690,00		
5 4922P5D	PSD-SWENSON SKILLS CTR CCTV	61,000,00	50,590,00	64,405,37	(3,405,37)	-5,58%	64,405,37	100,00%	61,000,00	100,00%	61,000,00	100,00%	61,000,00	61,000,00	61,000,00	61,000,00	61,000,00		
6 4944P5D	PSD-JUANITA PARK ACADEMY CCTV	143,000,00	131,295,00	132,855,04	(10,140,56)	-7,09%	132,855,04	100,00%	143,000,00	100,00%	143,000,00	100,00%	143,000,00	143,000,00	143,000,00	143,000,00	143,000,00		
7 33835DP	SCH DIST OF PHILA-A TRAINING LAB	17,925,00	14,117,00	16,530,45	(1,294,55)	-7,22%	13,364,20	80,56%	17,925,00	100,00%	17,925,00	100,00%	17,925,00	17,925,00	17,925,00	17,925,00	17,925,00	3,520,50	
8 4815P5D	PSD-SECURITY REAR BASEMENT	19,255,00	14,065,00	15,977,89	(3,547,11)	-18,17%	14,381,89	90,01%	19,255,00	100,00%	19,255,00	100,00%	19,255,00	19,255,00	19,255,00	19,255,00	19,255,00	1,950,31	
9 4269P5D	PSD-FCWINS-SOFTWARE UPDATE	160,000,00	109,095,00	118,612,95	(1,387,05)	-25,87%	118,612,95	100,00%	160,000,00	100,00%	160,000,00	100,00%	160,000,00	160,000,00	160,000,00	160,000,00	160,000,00		
10 36555DP	440 BLDG INTECOM 15TH ST PRD	4,950,00	3,392,52	3,392,52	1,257,48	27,04%	3,165,99	93,32%	4,650,00	100,00%	4,650,00	100,00%	4,650,00	4,650,00	4,650,00	4,650,00	4,650,00	310,50	
11 CC23292	15TH STREET ADD'L READER	4,471,00	3,488,00	3,248,85	1,222,15	27,34%	3,248,85	100,00%	4,471,00	100,00%	4,471,00	100,00%	4,471,00	4,471,00	4,471,00	4,471,00	4,471,00		
12 34335DP	SCH DIST OF PHILA-SMAGMMNT	53,388,00	31,396,00	38,323,39	14,765,61	27,55%	38,323,39	100,00%	53,388,00	100,00%	53,388,00	100,00%	53,388,00	53,388,00	53,388,00	53,388,00	53,388,00		
13 4857P5D	PSD-100 TOWER-ACC CONTROL DR'S	569,178,00	409,150,00	392,738,00	17,855,10	31,04%	392,738,00	99,98%	569,178,00	100,00%	569,178,00	100,00%	569,178,00	569,178,00	569,178,00	569,178,00	569,178,00	706,25	
14 CC43571	PSD-440 N BROAD ST-START TWR	10,285,00	5,592,00	6,245,66	3,439,34	33,44%	6,245,66	100,00%	10,285,00	100,00%	10,285,00	100,00%	10,285,00	10,285,00	10,285,00	10,285,00	10,285,00		
15 4180P5D	PHILADELPHIA SCHOOLS RING #1	164,874,03	129,286,00	108,476,97	56,397,06	34,21%	108,476,97	100,00%	164,874,03	100,00%	164,874,03	100,00%	164,874,03	164,874,03	164,874,03	164,874,03	164,874,03		
16 4343P5D	PSD CORE SITES RING #2	135,337,05	105,380,00	87,612,10	47,719,55	35,26%	87,612,10	100,00%	135,337,05	100,00%	135,337,05	100,00%	135,337,05	135,337,05	135,337,05	135,337,05	135,337,05		
17 4337P5D	PSD-440 BLD TURNSTILES PH5 1-2	389,291,00	255,458,00	248,032,40	141,258,60	36,29%	247,712,22	99,97%	389,291,00	100,00%	388,788,47	100,00%	388,788,47	388,788,47	388,788,47	388,788,47	388,788,47	502,53	
18 3889P5D	PHILA SCH DIST SOFTWARE UPGRDE	68,250,00	40,350,00	40,350,00	27,300,00	40,00%	199,00	0,49%	68,250,00	100,00%	68,250,00	100,00%	68,250,00	68,250,00	68,250,00	68,250,00	68,250,00	67,918,33	
19 34395DP	SCH DIST OF PHILA - HR RM 222	2,533,00	1,949,00	1,479,14	1,055,86	41,65%	1,479,14	100,00%	2,533,00	100,00%	2,533,00	100,00%	2,533,00	2,533,00	2,533,00	2,533,00	2,533,00		
20 4301P5D	PSD-3RD FLR PORTAL "B"	6,565,00	4,800,00	3,824,01	2,740,91	41,75%	3,824,01	100,00%	6,565,00	100,00%	6,565,00	100,00%	6,565,00	6,565,00	6,565,00	6,565,00	6,565,00		
21 4643P5D	PHILA SCHL DIST CORE STRING #4	120,988,76	81,000,00	69,337,73	51,650,98	42,69%	69,337,73	100,00%	120,988,76	100,00%	120,988,76	100,00%	120,988,76	120,988,76	120,988,76	120,988,76	120,988,76		
22 4097P5D	PHLSCH DIST CORE SITE #3	152,497,05	112,838,00	86,228,88	66,268,17	43,46%	86,228,88	100,00%	152,497,05	100,00%	152,497,05	100,00%	152,497,05	152,497,05	152,497,05	152,497,05	152,497,05		
23 3440P5D	SCH DIST PHL-EMPL HTH SCH	2,353,00	1,949,00	1,336,50	800,00	11,36%	44,83%	100,00%	2,353,00	100,00%	2,353,00	100,00%	2,353,00	2,353,00	2,353,00	2,353,00	2,353,00		
24 4559P5D	PSD-ADDTL FWXW CLIENT STATION	2,233,50	1,270,00	1,110,46	1,122,64	50,26%	1,110,86	100,00%	2,233,50	100,00%	2,233,50	100,00%	2,233,50	2,233,50	2,233,50	2,233,50	2,233,50		
25 42595DP	SCHOOL DIST. OF PHILA	56,311,57	35,255,00	27,022,28	29,289,29	52,01%	27,022,28	100,00%	56,311,57	100,00%	56,311,57	100,00%	56,311,57	56,311,57	56,311,57	56,311,57	56,311,57		
26 3896P5D	CCTV DRWNG LAYS 21-40 PHILA SCH	60,820,00	28,440,00	32,380,00	24,400,81	30,419,19	55,49%	24,400,81	100,00%	60,820,00	100,00%	60,820,00	100,00%	60,820,00	60,820,00	60,820,00	60,820,00	46,617,44	
27 5046P5D	PSD-440 N BROAD TECH ED SEC	54,820,00	38,872,00	40,400,81	32,380,00	653,79	914,21	58,98%	655,79	100,00%	54,820,00	100,00%	54,820,00	54,820,00	54,820,00	54,820,00	54,820,00		
28 3727P5D	RE-ENGAGEMENT CTR -3 D P	1,155,00	952,00	13,750,00	8,416,98	16,583,02	66,33%	8,416,98	100,00%	1,155,00	100,00%	1,155,00	100,00%	1,155,00	1,155,00	1,155,00	1,155,00	1,155,00	
29 5000P5D	PHILA SCHL DIST MAINT AGR 2012	25,000,00	2,132,00	7,722,89	2,068,11	74,05%	7,722,89	100,00%	25,000,00	100,00%	25,000,00	100,00%	25,000,00	25,000,00	25,000,00	25,000,00	25,000,00		
30 4454P5D	ELLIOT-LEWIS CO ADD TO CON RM	2,300,00	771,00	2,087,00	10,073,00	51,373,75	82,84%	2,087,00	100,00%	2,300,00	100,00%	2,300,00	100,00%	2,300,00	2,300,00	2,300,00	2,300,00		
31 3600P5D	SCH DIST OF PHILA ADD'L READER	2,790,00	12,160,00	5,622,00	9,446,35	76,26	503,74	86,85%	76,26	100,00%	76,26	100,00%	76,26	100,00%	76,26	100,00%	76,26		
32 4031S5P	CCTV DRWNG LAYS ADD'L PHILA SCH	60,820,00	42,700,00	28,520,00	7,584,75	53,235,25	87,53%	7,584,75	100,00%	60,820,00	100,00%	60,820,00	100,00%	60,820,00	60,820,00	60,820,00	60,820,00	60,820,00	
33 3897P5D	CCTV DRWNG LAYS 61-80 PHILA SCH	60,820,00	28,440,00	32,380,00	24,400,81	30,419,19	55,49%	24,400,81	100,00%	60,820,00	100,00%	60,820,00	100,00%	60,820,00	60,820,00	60,820,00	60,820,00	60,820,00	
34 35995DP	SCH DIST OF PHILA-PSD WIRELESS	60,820,00	28,440,00	32,380,00	24,400,81	30,419,19	55,49%	24,400,81	100,00%	60,820,00	100,00%	60,820,00	100,00%	60,820,00	60,820,00	60,820,00	60,820,00	60,820,00	
35 3892P5D	CCTV DRWNG LAYS 41-60 PHILA SCH	\$ 2,455,505,56	\$ 1,772,814,00	\$ 1,632,457,83	\$ 369,048,13	\$ 1,564,012,11	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	\$ 2,455,505,56	
Report Totals																			

Michael D. Homans, Esquire
October 30, 2014
Expert Report

*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

EXHIBIT K

DOCUMENTS REVIEWED

1. Amended Complaint, June 28, 2012
2. Deposition of Kenneth Spressart, dated August 6, 2014
3. Deposition of Darryl Boozer, dated August 4, 2014
4. Agreement for Services between The School District of Philadelphia and IBS Communications, Inc.
5. Exhibit B to Agreement for Services – Contractors Budget
6. Reviewed financial statements of Security and Data Technologies, Inc. and 101 Pheasant Run, Inc. for the years ended December 31, 2010 and 2009, prepared by Mayer, Hoffman, McCann, P.C., report dated March 31, 2011
7. Reviewed financial statements of Security and Data Technologies, Inc. and 101 Pheasant Run, Inc. for the years ended December 31, 2012 and 2011, prepared by Mayer, Hoffman, McCann, P.C., report dated April 11, 2013
8. SDT Website
9. Expert Report prepared by Tim Van Noy, CPA, CFE, report dated September 19, 2014

Michael D. Homans, Esquire
October 30, 2014
Expert Report

*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

EXHIBIT L
QUALIFICATIONS

JOHN F. MALONEY

CERTIFIED PUBLIC ACCOUNTANT (CPA)
CERTIFIED IN FINANCIAL FORENSICS (CFF)
CERTIFIED VALUATION ANALYST (CVA)
ACCREDITED IN BUSINESS APPRAISAL REVIEW (ABAR)
415 Sargon Way, Suite J
Horsham, Pennsylvania 19044
(215) 675-8364

PROFESSIONAL EXPERIENCE (1981-CURRENT)

Partner in the independent certified public accounting firm of Wouch, Maloney & Co, LLP, a full service accounting and business advisory firm with offices in Horsham, PA, Yardley, PA and Fort Myers, FL.

Over 30 years of public accounting and consulting experience focusing on business valuation, damage measurement, estate planning, marital disputes, income taxation, accounting and auditing, business and strategic planning, business strategy development, shareholder agreements, disputes and resolution, succession, entity planning and structuring, operational budgeting, bankruptcy and performance assessment and improvement. Engagements have involved closely-held business entities and entrepreneurial individuals in the industries of construction, manufacturing, wholesaling, professional services, pharmaceutical, retail, and home building and development. Testified as an expert witness.

CERTIFICATIONS AND EDUCATION

- Certified Valuation Analyst (CVA), January 10, 1997
- Accredited in Business Appraisal Review (ABAR), January 24, 2012
- Certified in Financial Forensics (CFF), February 28, 2009
- Certified Public Accountant (CPA), March 17, 1988
- Licensed in Pennsylvania and New Jersey
- Temple University - Bachelor of Business Administration (1981)

PROFESSIONAL ASSOCIATIONS AND MEMBERSHIPS

- American Institute of Certified Public Accountants (AICPA)
- Pennsylvania Institute of Certified Public Accountants (PICPA)
- National Association of Certified Valuation Analysts (NACVA)
- Construction Financial Management Association (CFMA)
- Associated Builders and Contractors of Southeastern PA (SEPA ABC)
- Director, Bucks County Estate Planning Council (BCEPC)
- Member of PICPA Business Valuation Committee

EXPERT TESTIMONY

Consulting and expert witness assistance in matters involving oppressed shareholders, valuation, construction accounting, and economic damage measurement. Testified as an expert in the Bucks County Court of Common Pleas, Montgomery County Court of Common Pleas, Lehigh County Court of Common Pleas, and Philadelphia Court of Common Pleas. Appointed in Bucks County Court of Common Pleas to act as the independent accountant in resolving disputed accounting issues.

Michael D. Homans, Esquire
October 30, 2014
Expert Report

*Security and Data Technologies, Inc. v.
School District of Philadelphia, et al*

EXHIBIT L
QUALIFICATIONS
continued

TESTIMONY LAST FIVE YEARS

- A. Scott Enterprises, Inc. v. City of Allentown
Lehigh County Court of Common Pleas (2013)
- Seidman, Jacob and Merrill Seidman, et. al v. Ronald L. Capla, et. al.
Philadelphia County Court of Common Pleas (2011)
- Robert Cooney v. Marion Cooney, et. al.
Montgomery County Court of Common Pleas (2011)